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## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 24<sup>th</sup> day of December, 2008, between **ELIZABETH KATHLEEN LASATER**, whose address is 307 Denton Street East, Argyle, Texas 76226, as Lessor (whether one or more), and **WILLIAMS PRODUCTION-GULF COAST COMPANY L.P.**, a Delaware limited partnership, as Lessee, whose address is P.O. Box 3102, MD 25-3, Tulsa, OK 74101-3102. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called "Leased Premises:" (use Exhibit "A" for long description):

**FOR PROPERTY DESCRIPTION AND ADDITIONAL PROVISIONS, SEE EXHIBIT "A",  
ATTACHED HERETO AND MADE A PART HEREOF.**

in the county of **TARRANT**, State of **TEXAS**, containing **16.724** gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any cash bonus hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of **eighteen (18) months** from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **One-Fourth (1/4)** of the amount realized by Lessee at the point of sale to the first unaffiliated third party; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **One-Fourth (1/4)** of the proceeds realized by Lessee at the point of sale to the first unaffiliated third party, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor at Lessor's address as stated above, or its successors. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor by deposit in the U.S. Mail in a stamped envelope addressed to the Lessor at the last address known to Lessee shall constitute proper payment.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or

reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate to an address which has been identified by Lessee in writing to Lessor. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender any payments hereunder shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. ~~In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.~~

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. ~~Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.~~

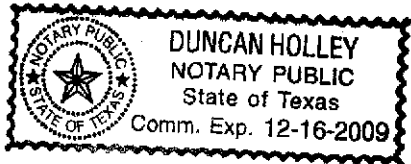
IN WITNESS WHEREOF, this lease is executed by Lessor on the date set forth in the certificate of acknowledgment below, but shall be effective as of the date first above written.

LESSOR:

BY Elizabeth Kathleen Lasater  
ELIZABETH KATHLEEN LASATER

STATE OF TEXAS               :  
                                         :  
COUNTY OF TARRANT       :

This instrument was acknowledged before me on this the 29<sup>th</sup> day of June, 2009, by ELIZABETH KATHLEEN LASATER.



Duncan Holley  
Notary Public in and for the State of Texas

Printed Name: Duncan Holley

My Commission Expires: 12/16/2009

**EXHIBIT "A"**

Attached to and made a part of that Paid Up Oil and Gas Lease dated December 24, 2008, by and between ELIZABETH KATHLEEN LASATER, as LESSOR, and WILLIAMS PRODUCTION-GULF COAST COMPANY, L.P., as LESSEE, covering **16.724 acres**, more or less, situated in the J. Walker Survey, Abstract No. 1600, and the H. Robertson Survey, Abstract No. 1798, Tarrant County, Texas.

**PROPERTY DESCRIPTION:**

**TRACT 1:**

All that certain tract of land containing 14.580 acres, more or less, situated in the Josiah Walker Survey, Abstract No. 1600 and the Henry Robertson Survey, Abstract No. 1798, Tarrant County, Texas, and being a portion of that land described by deed to Lasater Limited Partnership, a Texas limited partnership, recorded in Volume 9315, Page 193, Deed Records of Tarrant County, Texas and being more particularly described by the metes and bounds found in that certain Oil and Gas Lease by and between Lasater Limited Partnership, a Texas limited partnership, as Lessor, and Aspect Abundant Shale, LP, as Lessee, recorded as Instrument No. D207171923, Official Public Records of Tarrant County, Texas; and

**TRACT 2:**

All that certain tract of land containing 2.144 acres, more or less, situated in the Josiah Walker Survey, Abstract No. 1600 and the Henry Robertson Survey, Abstract No. 1798, Tarrant County, Texas, and being a portion of that land described by deed to Lasater Limited Partnership, a Texas limited partnership, recorded in Volume 9315, Page 193, Deed Records of Tarrant County, Texas and being more particularly described by the metes and bounds found in that certain Oil and Gas Lease by and between Lasater Limited Partnership, a Texas limited partnership, as Lessor, and Aspect Abundant Shale, LP, as Lessee, recorded as Instrument No. D207171923, Official Public Records of Tarrant County, Texas;

Containing a total of 16.724 acre of land, more or less.

**ADDITIONAL PROVISION(S):**

15. **CONFLICTS.** In the event of a conflict between any of the terms and provisions contained in this EXHIBIT "A" and the other terms and provisions of the Lease, the terms and provisions contained in this EXHIBIT "A" shall control.

16. **NO SURFACE USE.** By the acceptance hereof, Lessee agrees that no drilling, prospecting or mining operations or any other surface operations of any kind whatsoever will be conducted, nor any pipelines or any structures or any type facilities will be constructed upon the surface of the herein leased premises without the written consent of the Lessor herein; however, Lessee will have the right to prospect, drill, mine and produce said minerals from said land by operations which it may conduct on adjoining or nearby lands through the drilling, operating and maintaining of directional wells on such adjoining or nearby lands, or by operations which it may conduct upon lands with which the herein leased premises or any part hereof may be pooled.

17. **DEDUCTIONS FOR TAXES AND POST PRODUCTION COSTS.** Lessor's royalty may not be charged, directly or indirectly, with any of the expenses of production, gathering, dehydration, compression, transportation, processing, treating, or marketing the oil and gas produced from the Leased Premises incurred prior to delivery of production off the Leased Premises to an third party unaffiliated to Lessee or with any of those expenses charged by an affiliate of Lessee after the point of delivery of the first sale, and all of those expenses shall be considered costs of production and not post production costs. It is the intent of the parties that the provisions hereof are to be fully effective and enforceable and are not to be construed as "surplusage". Lessor's interest shall bear no portion of ad valorem or other taxes, except for Lessor's prorata share of severance taxes.

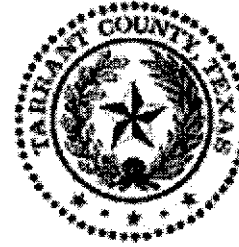
18. **POOLING.** Lessor grants to Lessee the right to pool, unitize, or combined all or parts of the Leased Premises with other lands, at a time before or after drilling to create vertical and/or horizontal drilling or production units either by contract right or pursuant to governmental authorization. Any unit formed that contains any portion of the 14.58-acre tract more particularly described as "Tract 1" in the legal description of the Leased Premises contained herein must contain one hundred percent (100%) of said Tract 1. Pooling or unitizing in one or more instances shall not exhaust Lessee's pooling and unitizing rights hereunder, and Lessee is granted the right to change the size, shape, and conditions of operation or payment of any unit created. Lessee may, upon written notice to Lessor, combine the Leased Premises into a newly constituted or reconstituted pool or unit and release same simultaneously from a previously designated pool so long as no well has yet been drilled. At the expiration of the primary term, this Lease will terminate as to all depths 100 feet below the stratigraphic equivalent of the base of the deepest producing formation on the Leased Premises or lands pooled therewith.

19. **SHUT IN CLAUSE.** A gas well under this clause shall be a well with production casing landed and cemented therein. Shut-in royalty payments shall be \$100 per acre. After expiration of the Primary Term of this Lease, in no event shall any shut-in well payment maintain this lease in force as to the acreage allocated to the well for a period to exceed two (2) consecutive years beyond expiration of the Primary Term.

20. **WARRANTY.** Lessor warrants title hereunder by, through or under Lessor alone and not otherwise.

**Signed for identification with Paid Up Oil and Gas Lease dated December 24, 2008:**

  
ELIZABETH KATHLEEN LASATER



THOMAS DEVELOPMENT CORP  
PO BOX 1866

BURLESON TX 76097

Submitter: THOMAS DEVELOPMENT CORPORATION

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
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Instrument #: D209173460

LSE

5 PGS

\$28.00

By: \_\_\_\_\_



**D209173460**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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